

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

**MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2012**

Docket No. N2012-1

**REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO QUESTION 2(a) OF PRESIDING OFFICER'S INFORMATION
REQUEST NO.1, REDIRECTED FROM WITNESS WILLIAMS
[ERRATA]
(March 21, 2012)**

The Postal Service hereby files notice of revisions to witness Smith's (USPS-T-9) response to Presiding Officer's Information Request No. 1, question 2(a), redirected from witness Williams (USPS-T-1), filed January 17, 2012. This notice revises the following:

First line of Response, subpart (a) Change \$2.13 to \$2.12

Second line of Response, subpart (a) Change \$2.57 to \$2.56

As a result of the above mentioned changes, the table and spreadsheet associated with this response, entitled "Total Labor Savings Due to the Reduction of Complement", have also been revised with regard to the Maintenance and Vehicle Labor Savings and the Total Labor Savings Due to the Reduction of the Complement. These revisions conform to revisions made to witness Smith's testimony, filed March 15, 2012, and are consistent with revisions made to witness Bradley's testimony (USPS-T-10), filed today. The corrections to the response and the spreadsheet are show in gray highlighted text and are attached to this pleading.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorney:

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March 21, 2012

**REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MARC SMITH
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 1
REDIRECTED FROM WITNESS WILLIAMS**

2. The Postal Service estimates that implementing MPNR will lead to annual savings of \$2.1 billion. See USPS-T-2 at 12.
- a. Of the total savings, please estimate the savings that will result from reductions in the Postal Service's labor complement.
 - b. Witness Rachel (USPS-T-8) provides a list of 8 mechanisms used by the Postal Service to achieve complement reductions. USPS-T-8 at 15. Please provide specific details regarding the effect of MPNR on the number of employees and associated cost savings due to the following mechanisms:
 - i. voluntary movement utilizing eReassign;
 - ii. normal attrition over the next several years;
 - iii. reductions in non-career employees;
 - iv. article 12 involuntary reassignments;
 - v. voluntary early retirement (VER);
 - vi. management reductions in force (RIFs);
 - vii. retirement incentive options (potentially);
 - viii. bargaining unit layoffs pursuant to Article 6; and
 - ix. any other mechanism (such as voluntary separation).

RESPONSE:

- (a) Total savings associated with reduction of labor complement is \$2.12 billion. This should be compared with the gross savings of \$2.56 billion (see witness Bradley, USPS-T-10 at 41). The following table shows this calculation of the savings due to reduction of labor complement. This is also provided in the spreadsheet, Cost Savings From Complement Change POIR1, Q2a.xlsm, associated with this response.
- (b) Answered by witness Rachel, USPS-T-8.

Attachment to USPS Witness Smith's Response to Question 2a of POIR 1
Total Labor Savings Due to Reduction of Complement

All Mail Processing Labor Cost Savings	Cost Change	(in
	Thousands of Dollars)	Source
Workload Transfer and Productivity Gain	\$1,046,718	USPS-T-10, page 41
Workload Reduction	\$35,007	USPS-T-9, Tables 8-10
Supervisor, Plant Management, In-Plant Support	\$133,182	USPS-T-10, page 41
Total of Above	\$1,214,907	
Service-Wide Benefits	\$135,508.21	
Total Processing Labor Cost Savings*	\$1,350,415	

Delivery Savings	\$32,727	USPS-T-9, Table 10**
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Maintenance and Vehicle Driver Labor Savings

PVS Driver Savings	\$123,577	USPS-T-10, page 35
Mail Processing Equipment Maintenance Savings	\$335,319	USPS-T-9, Table 3
Building Maintenance and Custodial Savings	\$206,661	USPS-T-9, Table 5
Total of Above	\$665,557	
Service-Wide Benefits	\$74,235	
Total Maintenance and Vehicle Driver Labor Cost Savings	\$739,791	

Total Labor Savings Due to Reduction of Complement

\$2,122,933

*Premium Pay Reduction Savings of \$71.8 million were not included since it isn't associated with complement reduction.

**Table 10 shows \$35.0 million in delivery savings. Some of these savings are non-labor. To get the labor only savings the ratio of the piggyback factor for only labor (1.175) to the total piggyback factor (1.258) or .93383 is applied to the 35 million savings.